

Appropriation Subcommittee on Infrastructure and Resources

Chairman - Representative Morris

Members - Representatives Smiley, Leger, Cazayoux, and Ellington

Summary of Subcommittee Meetings

The Appropriations Infrastructure and Resources Subcommittee met four times. All meetings began with a House Fiscal analyst providing presentations to highlight significant adjustments included in the FY 08-09 Executive Budget as well as significant issues in each agency's budget. Prior to each meeting, subcommittee members received information relevant to the day's agenda including key agency issues, questions and supporting documentation detailing areas worthy of detailed exploration. Following staff presentations, agency leaders were invited to provide opening remarks and an overview of current operations prior to engaging in open dialogue with members of the subcommittee.

The Department of Transportation and Development was discussed in three of the four meetings:

February 18, 2008 - Overview of the department and issues related to Louisiana transportation, infrastructure and financing.

March 13, 2008 - Overview and discussion of the Administration Agency (Office of the Secretary and Management and Finance programs) and the Public Works, Hurricane Flood Protection and Intermodal Agency (Water Resources and Aviation programs).

March 27, 2008 - Overview and discussion of the Public Works, Hurricane Flood Protection and Intermodal Transportation Agency (Public Transportation Program) and the Engineering and Operations Agency (Engineering, CCCD Bridge, Planning and Programming, District Operations and CCCD Marine programs).

The Department of Natural Resources was discussed in two of the four meetings:

February 18, 2008 - Overview of the department and issues related to Louisiana's management of natural resources, flood protection and coastal restoration efforts.

March 20, 2008 - Overview and discussion of the Department of Natural Resources.

The Department of Wildlife and Fisheries was discussed in two of the four meetings:

February 18, 2008 - Overview of the department and issues related to management of Louisiana's wildlife and other renewable resources.

March 20, 2008 - Overview and discussion of the Department of Wildlife & Fisheries.

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REPORT ON THE DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

The Department of Transportation and Development is comprised of three agencies: Administration Agency, Public Works, Hurricane Flood Protection and Intermodal Transportation Agency, and Engineering and Operations Agency.

February 18, 2008, Overview

Alan Boxberger, budget analyst with the House Fiscal Division, presented a PowerPoint presentation introducing members to the Louisiana Department of Transportation and Development (DOTD). The presentation included an overview of the three agencies and ten programs that comprise DOTD, including each program's staffing level, mission, activities and responsibilities. The department reduced its table of authorized positions from 5,606 in FY 99-00 to 4,835 recommended in FY 08-09.

The department is responsible for supervising, building and maintaining a wide array of operations and infrastructure across the state, including approximately 17,000 miles of roadway, 13,000 bridges, 68 airports, 2,800 miles of navigable waterways, 39 port authorities, six Class I railroads, 28 parish mass transit programs, ferry operations, rest areas, weigh stations, traffic signals and signage, and mowing and litter cleanup. The committee learned the distinction between the department's operating budget, where maintenance and upkeep occurs, and the capital budget, where construction and refurbishment are budgeted.

During this first meeting, a budget overview detailed historical funding levels, significant items funded in the current fiscal year and additional items requested for FY 08-09. The Transportation Trust Fund was detailed, including sources of funding and constitutional mandates for usage:

- Constitution Article VII, §27
- Sources
 - 16 cents per gallon gasoline and special fuels
 - Vehicle license fees
 - Weights permits and fines
 - Interest earnings
- Usage
 - Construction and maintenance of roads and bridges
 - Ports
 - Airports
 - Flood control
 - Transit
 - Parish Transportation
 - Can be used by State Police for traffic control purposes

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The Trust Fund is experiencing diminishing capacity as it is a static, flat tax on a per-gallon of gasoline sold. Since 1992, gasoline tax collections have grown an average of approximately 2% per year. Over the same time period, personnel costs grew an average of 5% per year and construction costs have increased at least 70%. Considering only the time frame since the hurricanes of 2005, construction costs have escalated between 25% and 30%. The original 16 cent gas tax has a current day purchasing power of only 8 cents. Additionally, the federal highway trust fund is expected to be unable to meet \$4.3 billion in needs nationally by 2009. Louisiana stands to lose between \$100 and \$200 million per year in federal highway funds in the near future if the federal fund is not bolstered by additional revenues.

The Transportation Infrastructure Model for Economic Development was highlighted. This \$4.9 billion dollar program is a constitutionally mandated program of sixteen projects across the state that are funded by a 4 cent per-gallon gasoline tax. The current program status was detailed for the committee including costs, completion dates, and financing methodology.

Project	Length (Miles)	As of June 2007		Estimated Date of Completion
		Total Cost	% Complete	
Tchoupitoulas	4.0	\$52 M	100%	—
WestBank Expressway	1.0	\$33 M	100%	—
Port of New Orleans	N/A	\$100 M	100%	—
Louis Armstrong Int'l Airport	N/A	\$75 M	100%	—
US 90	24.9	\$256 M	100%	—
West Napoleon	5.0	\$69 M	100%	—
LA 15	28.4	\$86 M	100%	—
Earhart Boulevard	2.8	\$20 M	91%	2009
US 165	172.9	\$944 M	54%	2010
US 171	121.3	\$592 M	76%	2010
US 167	112.2	\$693 M	47%	2010
US 61	19.6	\$111 M	35%	2010
Audubon Bridge	14.6	\$404 M	31%	2010
Florida Ave. Bridge	5.0	\$359 M	4%	2011
Huey P. Long Bridge	3.2	\$989 M	6%	2013
LA 3241	20.7	\$149 M	7%	2013

The state has approximately \$14 billion of identified, unmet construction needs for existing state highways. The four areas of unmet needs are: pavement preservation at \$814 million, bridge preservation at \$2.1 billion, safety at \$3.2 billion, and capacity at \$7.8 billion. Historically, the department had approximately \$400 million appropriated annually to address these unmet needs. These numbers do not include new construction projects such as the extension of I-49 and proposed loops around Baton Rouge and Lafayette.

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The department's national rankings on certain measures were illustrated via the following graph (based on excerpts from the *16th Annual Report on the Performance of State Highway Systems (1984-2005)*, by David T. Hartgen and Ravi K. Karanam):

	Rank Nationally	Value
State Controlled Highway Mileage	13th	16,691 miles
Receipts per State Controlled Mile	16th	\$79,773
Maintenance Disbursements per State Controlled Mile	32nd	\$21,319
Administrative Disbursements per State Controlled Mile	6th	\$2,837
Total Disbursements per State Controlled Mile	17th	\$83,061
Rural Interstate Condition	34th	1.47% in Poor Condition
Urban Interstate Condition	36th	7.59% in Poor Condition
Rural Arterial Condition	40th	1.55% in Poor Condition
Urban Interstate Congestion	25th	45.74% Congested
Deficient Bridges	38th	30.67% Deficient
Fatality Rates	46th	2.123 Fatalities per 100 million vehicle miles

Overall, Louisiana ranked 30th in 2005 as compared to 42nd in 2000.

Lastly, the committee was given an overview of the department's usage of \$695 million in one-time surplus funds that were appropriated during the 2007 Regular Legislative Session for various infrastructure projects across the state.

- \$72 million for 34 FY 2006-2007 Highway Priority Program Projects
- \$273 million for 82 FY 2007-2008 Highway Priority Program Projects
- \$63 million for LA 1
- \$20 million for pre-construction work on 35 capacity projects
- \$30 million toward construction costs of the I-10 widening project in Baton Rouge.
- \$5 million for the mobility fund (mega projects)
- \$5 million for Governor's Rural Road/Bridge Repair Fund
- \$21 million towards construction of MacArthur Interchange (Peter's Road Ramps) in Jefferson Parish.
- \$40 million to supplement the FY 2007-2008 capacity program.
- \$60 million for I-49 North.
- \$11 million for I-49 South.
- \$53 million for Hurricane Flood Protection projects.
- \$42 million for the Port Priority Program

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February 13, 2008, Administration Agency and Public Works, Hurricane Flood Protection and Intermodal Transportation Agency

Alan Boxberger, budget analyst with the House Fiscal Division, presented a brief overview of the two transportation agencies discussed during this meeting. The overview included significant items funded or reduced in the FY 08-09 budget recommendation, and illustrated that the department's overall operating budget of \$548.6 million increased approximately \$3 million, less than 1%, after factoring out non-recurring expenses such as funding for encumbered items carried forward into the current fiscal year.

Michael Bridges, DOTD Undersecretary, provided a PowerPoint presentation detailing the current status of the department's operations, projected revenue shortfalls in future years, difficulty staffing the department's activities after wage escalations in the wake of the 2005 hurricanes, and challenges faced by the department both currently and moving forward. The department anticipates downscaling its construction program beginning in 2010 due to revenue shortfalls at the state and federal levels (this was prior to the additional revenue stream provided by Act 11 of the 2008 2nd Extraordinary Legislative Session).

Questions

Representative Ellington asked if the state could potentially be unable to match future federal allocations. Mr. Bridges replied that there is a projected deficit in the federal highway trust beginning in 2009. If the federal government can address the deficit in a manner that maintains funding to the states comparable to current levels, at that point Louisiana could potentially be unable to match future federal dollars due to state transportation revenues failing to keep pace with inflation. Dr. William Ankner, DOTD Secretary, illustrated that the state could use its own resources to promote greater flexibility in garnering future federal credits. For example, since the state will construct the recently approved I-12 widening with 100% state funding on a federal route, Louisiana will be able to bank its contribution toward future federal credits for match. Using 100% state funding on this particular project will allow the state to proceed to letting a construction contract in an expedited manner as well, because the state will not be delayed by the normal federal review process.

Representative Smiley inquired as to the status of a \$400,000 appropriation for the Louisiana Airport Authority. That funding was a line-item appropriation and thus non-recurred from the department's schedule in the executive budget recommendation.

Representative Smiley asked about the current status of the construction industry. The department replied that they are receiving strong, competitive bids on current proposals and that an additional stream of dedicated revenue would bolster the confidence of additional companies to bid on projects in the state. The asphalt industry reports that it is currently operating at only

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40% of capacity.

Representative Leger inquired about fund balances in the state Transportation Trust Fund and its possible uses. The department agreed that the current revenue estimate places the department in a posture of having a \$7.5 million deficit in anticipated revenues to appropriated expenditures in the current fiscal year. The department and House Fiscal Division disagreed over the amount of undesignated balance remaining available for appropriation in FY 08-09, with the department providing a figure of approximately \$19 million and House Fiscal at \$5 million. The two parties agreed to meet outside of the subcommittee to clarify the actual balance.

Chairman Morris asked about the contracting and acquisition practices of the department. The department replied that it is under the same procurement and contracting code as the rest of the state and must conform to those standard practices.

Representative Smiley asked if the department is prepared in the event of a hurricane making landfall in Louisiana this year. The department learned a lot from Katrina and Rita, and modified and updated its hurricane plan accordingly.

Representative Leger inquired whether the department is working on railroad projects and connectivity. Tom Atkinson, Deputy Assistant Secretary, replied that the state has a draft statewide rail program that addresses both the needs for rail service and the New Orleans Rail Gateway which are key for economic incubation. The rail program historically has received small allocations on an infrequent basis and has no recurring funding for expansion.

Chairman Morris asked the department about its involvement with water resources and in particular if it has any jurisdiction over municipal drinking water. David Miller replied that most of the department's jurisdiction deals with dams, reservoirs and flood control. In response to further questions by Chairman Morris, Mr. Miller related that the department currently oversees inspections of 524 dams and that many are extremely old and in need of repair. The state has increased funding going to flood projects as part of the new water resources development program, but the funding is still low compared to need.

The committee briefly discussed the department's Aviation Program. The aviation program receives its own stream of transportation trust fund revenue from a 4% sales tax on aviation fuel. The department explained the manner in which the aviation revenue is estimated. Every three years, the department recalculates the aviation fuel estimate based on surveying consumption at the state's airports and considering the cost of aviation fuel. The department will begin its estimating process this upcoming fall in order to provide an updated revenue projection beginning for the FY 09-10 budget development process. Representative Leger requested a list of the 62 publicly owned airports and a document summarizing the aviation priority program which the department promised to deliver.

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March 27, 2008, Public Works, Hurricane Flood Protection and Intermodal Transportation Agency and Engineering and Operations Agency

Alan Boxberger, budget analyst with the House Fiscal Division, presented a brief overview of the two transportation agencies discussed during this meeting. The overview included significant items funded or reduced in the FY 08-09 budget recommendation. The committee met in morning and afternoon sessions. The committee discussed the Crescent City Connection Division (CCCD) during the morning session. Representatives Patrick Connick and John Schroder attended the morning session in addition to the members of the subcommittee.

DOTD Secretary William Ankner spoke of the importance of the Crescent City Connection Division and its role in providing needed mass transit services in the New Orleans region. Representative Schroder informed the secretary that the CCCD operates the 5th busiest toll bridge in the nation.

Gordon Nelson, Assistant Secretary of Operations, provided an overview of the CCCD operating budget and highlighted specific items funded in the recommendation. Secretary Ankner added that there is significant cost in running and operating facilities such as these, and that the department would suffer harm to the state's transportation plan without the use of tolls to subsidize these particular operations.

Questions

Chairman Morris and Representative Connick asked questions regarding maintenance and professional services contracts. Gordon Nelson replied that all of the contracts are competitively bid as per state protocol and practice.

Chairman Morris questioned the role of the CCCD Oversight Authority. Mr. Nelson replied that the authority's responsibility is to prioritize capital projects funded with revenues left over from tolls after paying for operating expenses. When questioned regarding how often the authority meets, Mr. Nelson replied that the authority was to meet quarterly but since no excess revenues have been collected the authority has not held a meeting since 2006, at which only one member attended. Representative Leger reported that the legislation enabling the Oversight Authority stipulated that it should have access to all accounting and other records and have oversight over the CCCD's operations. Representative Schroder asked why the board hasn't met in two years if it is tasked with overseeing operations. Dr. Ankner replied that he would look into and resolve the situation.

Representatives Schroder and Connick questioned the department on an audit finding stating that the CCCD had failed to maintain proper reporting of accounting. Alan Lavasseur, Executive Director of the CCCD, replied that it was a mistaken communication between staff at the CCCD

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and at DOTD. There was no misappropriation or loss of cash. There was a specific collection pool that was not reported in a timely manner to the DOTD central accounting office. In response, the DOTD will be transferring a full-time accountant to the CCCD in order to avoid this problem in the future.

Representative Schroder questioned the CCCD regarding the status 13 projects specified in legislation in 1994 to be funded with excess toll revenues. Mr. Lavasseur replied that some projects have been completed while others remain unfunded. Representative Morris inquired about a \$33 million fund balance held by the CCCD. Mr. Lavasseur responded that the majority of the funding is earmarked to the aforementioned projects that have yet to be completed. The CCCD is holding the funds until each project is fully funded. The remainder of the fund balance is rolled over into ensuing fiscal years to provide a safety outlet in the event that revenues are inadequate to cover necessary expenditures.

Representative Connick, referring to payroll documentation, reports that marine deckhand/toll-collectors are paid \$272,000 a year to collect \$238,000 a year in revenues. He questioned the need for these personnel and why could not the CCCD simply stop collecting tolls. Mr. Lavasseur replied that most public transportation services operate at a loss. Additionally, marine deckhand/toll-collectors perform double duties collecting tolls and serving as a third deckhand when the ferry is underway as required by U.S. Coast Guard regulations. The tolls are required by statute so the CCCD does not have the option to suspend collections.

Representative Connick asked the CCCD to clarify the details of renting the Gretna ferry for the movie *Deja Vu*. Gordon Nelson replied that the crew of the ferries worked on the boat during filming and that the production company paid all related salaries and operating expenses. The company also paid to restore the ferry to operational order upon completion of filming.

Representative Schroder asked how many employees the CCCD currently has? The CCCD has 230 positions, of which 43 are vacant and difficult to fill. The labor market in New Orleans is such that the CCCD cannot offer a competitive hourly wage. This necessitates additional overtime for the employees that are on board.

Chairman Morris inquired about the violation processing center recently expanded by the CCCD. Mr. Lavasseur replied that the center processes about 90,000 violations, which process fines of approximately \$600,000 to \$700,000 per year. There are approximately 13 employees at the center with an average salary of around \$2,500 per month.

Representative Schroder asked about the cost of repairing the ferry boats, citing that some repairs could be in the range of \$30,000 to \$50,000. Mr. Lavasseur replied that generally seals fail about once every three to six months at a cost of \$5,000 to \$10,000 each. Damage to an engine can go up to the \$50,000 range. Randy Paissant, Assistant Director of the CCCD, came to the table to

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explain the methodology of filing claims for these damages with the Office of Risk Management.

Representative Smiley instructed Secretary Ankner to take the information uncovered during the day's testimony to determine why the state needs the CCCD. Secretary Ankner reiterated the need for toll collections in order to ensure safe operation of the ferries and bridges at the CCCD. Dr. Ankner also promised to look closely at the CCCD over coming months to analyze its management practices.

At the start of the afternoon session, the committee explored DOTD's Public Transportation Program. Dr. Ankner explained the benefits of a strong mass transit program and his belief that demand will increase in the future due to escalating gasoline prices. Louisiana's overall mass transit program is currently funded with approximately \$750,000 of state funds and the remainder is federal.

Dr. Ankner spoke as to the department's desire to continue the LASwift bus program, funding for which was eliminated in the executive budget. The LASwift program was instituted after the 2005 hurricanes to provide mass transit between Baton Rouge and New Orleans. Tom Atkinson, DOTD Assistant Secretary, proclaimed the state needs to think more strategically about the entire transportation system. Programs such as LASwift expand highway capacity without constructing new roads. The LASwift program began charging a \$5 one-way fare in July of 2007 (it was free prior to this date) and ridership declined thereafter. He reported that 73% of those who use public transit have no other means of transportation. The department requested \$2.3 million in state funding to continue the LASwift bus service in FY 08-09 and reported that amount would allow expansion of the service to other locations in Baton Rouge as well as service to the North Shore. To date, LASwift provided over 477,000 passenger trips.

Chairman Morris inquired whether the department's goal of attaining a mass transit program in all parishes of the state by 2020 was viable. Mr. Atkinson replied that the program is not currently funded and unless the state allocates funding to the program, achieving the goal of a true statewide plan is unlikely.

Gordon Nelson, Assistant Secretary, then provided an overview of the District Operations Program. He illustrated that the majority of DOTD's operating and maintenance of statewide infrastructure is housed within this program and he provided an overview of activities and funding levels.

Chairman Morris inquired about a \$600,000 court settlement payment to Union Pacific Railroad. Michael Bridges, DOTD Undersecretary, replied that the state must make an annual payment of \$600,000 to Union Settlement in perpetuity due to litigation involving a maintenance agreement for two movable rail bridges that the state entered into back in the 1950s. The case was appealed twice at the circuit and state supreme court levels and the state lost both times. Representative

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Morris asked the department to research the ramifications of a legislative directive to discontinue payments.

Representative Smiley asked about the state's Motorist Assistance Patrols. Mr. Nelson replied that the patrols focus on high traffic areas, generally metropolitan, and provide assistance to motorists in order to expedite quick removal of stalled vehicles that could increase traffic congestion. The service is free to stranded motorists and the state's return on investment is directly tied to maintaining a free flow of traffic and commerce.

Mr. Boxberger provided to the committee a breakdown of operating costs at the department's statewide ferry locations. The department currently operates seven ferries across the state aside from those that are part of the Crescent City Connection Division. The expense of operating the ferries averaged from \$6.65 per vehicle that boarded a ferry all the way up to \$153.07 per vehicle. Mr. Nelson replied that people in some rural areas of the state depend on the ferries. He also related that the department suggested closing certain location down in the past but the legislature denied the requests.

The department next discussed the Engineering Program. Representative Smiley inquired as to whether the state receives any guarantees or warranties on pavement work performed in the state. Bill Temple, Chief Engineer, replied that the state stipulates the specification to which a contractor must adhere. If those specifications are followed, then the state has no recourse if the pavement subsequently fails. If the road fails due to poor workmanship, the state can recoup the cost of repairs.

The subcommittee concluded its dialogue with DOTD by discussing the Planning and Programming Program. Eric Kalivoda, Assistant Secretary, provided an overview of the section's responsibilities and work product. Mr. Kalivoda explained the process of updating the Metropolitan Transportation Plans and confirmed that the department is responsible for updating all state mapping.

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REPORT ON THE DEPARTMENT OF NATURAL RESOURCES

The Department of Natural Resources is comprised of four agencies: Office of the Secretary, Office of Conservation, Office of Mineral Resources and Office of Coastal Restoration and Management.

February 18, 2008, Overview

Alan Boxberger, budget analyst with the House Fiscal Division, presented a PowerPoint presentation introducing members to the Louisiana Department of Natural Resources. The presentation included an overview of the four agencies and nine programs that comprise the Department of Natural Resources, including each program's staffing level, mission and duties. The department's Table of Organization was relatively stable over the past six years, varying from 493 to 512 authorized positions. The department is responsible for preserving and enhancing the state's nonrenewable natural resources. Mr. Boxberger provided a budget overview detailing the department's historical funding levels, significant items funded in the current fiscal year and additional items requested for FY 08-09.

An overview was given of the department's efforts associated with coastal protection and restoration. One estimate states that Louisiana will need approximately \$14 billion in projects over the next 30 years in order to sustain its current coastline. Traditionally, these efforts have received dedications in the neighborhood of \$94 million per year. Recently, federal programs dedicated certain additional funding toward these efforts. The Coastal Impact Assistance Program, authorized in 2005, will dedicate approximately \$135 million per year over the next four. This program is designed to tide the state over until it may start seeing increased revenues from 8.3 million acres opened for drilling on the Gulf's outer continental shelf. While it is anticipated to be as much as ten years before the state realizes significant revenues from this new drilling activity, it is estimated to eventually produce \$400 to \$600 million per year once those sites are established and operational. The recent Federal Water Resources Development Act also authorized an additional \$7 billion, subject to separate federal appropriation, for which the state could have to provide up to \$2.4 billion in matching funds in the near future.

Lastly, the committee was given an overview of the department's usage of \$200 million in one-time surplus funds that were appropriated during the 2007 Regular Legislative Session for various infrastructure projects across the state.

- Hurricane Protection and Evacuation (\$52.7m)
 - Raise LA1 at Golden Meadow and complete Golden Meadow Lock (\$18m)
 - Lafitte Levee Protection (\$10m)
 - Fort Arpent Levee, St. Bernard parish (\$5m)

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- Raise LA 23 at LaReussite (\$1.2m)
- Morganza to the Gulf Project (\$10m)
- East of Harvey Canal Interim Hurricane Protection (\$4m)
- St. Charles Parish West Bank hurricane Protection (\$4.5m)
- Coastal Restoration (\$124.8m)
 - Cameron Parish Shoreline (\$30.8m)
 - HNC Complex (\$40m)
 - Grand Isle East End Breakwater (\$1m)
 - Biloxi Marsh (\$22m)
 - Pipeline Conveyance in Plaquemines Parish (\$22m)
 - Marsh creation, Freshwater Bayou (\$4m)
 - Calcasieu Ship Channel (\$5m)
 - Science and Technology (\$22m)
 - Emergency Reserve (\$0.5m)

March 20, 2008, Discussion of the Department of Natural Resources

Alan Boxberger, budget analyst with the House Fiscal Division, presented a brief overview of the department. The overview included significant items funded or reduced in the FY 08-09 executive budget recommendation.

Scott Angelle, Department Secretary, provided a PowerPoint presentation detailing the current status of the department's operations and the statewide production of consumable resources. Mr. Angelle provide a variety of details on production and state revenue trends related to the severance of natural resources in Louisiana.

Questions

Chairman Morris commented that the executive budget supporting document details a significant sum of funding to make rental payments for the LaSalle Building and asked the department to comment on it. Robert Harper, Undersecretary, replied that the department pays \$27 per square foot and that the price is in-line with other state departments. The department will cease rental payments after twenty years.

Chairman Morris asked the department about orphaned oil wells and the potential to put some of them back into circulation. Mr. Angelle replied that some companies have inquired about specific orphaned wells and the department is very amenable to any effort to move abandoned wells into a productive capacity. Jim Welsh, Commissioner of Conservation, added that the total number of identified orphaned wells is low right now because companies are adopting them.

Chairman Morris requested that the department provide additional information on Fishermen's

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Gear Compensation. Mr. Harper reported that a fisherman can file up to two claims per year for damages to equipment from underwater obstructions. The oil and gas industry agreed to pay into this fund in order to satisfy this type of claim and circumvent legal proceedings. Representative Smiley inquired as to what parishes are covered and the department replied that all parishes included in the established coastal zone are eligible.

The department discussed the activities of the Atchafalaya Basin Program at the request of Chairman Morris. The program has four employees and seeks to acquire and prioritize capital outlay funding to benefit the basin and its master plan. Representative Smiley requested further elaboration as to the funding associated with the department's basin activities as well as the number of parishes within the program. Mr. Angelle replied that the program is generally funded at approximately \$647,000 and benefits eight parishes. The projects adopted by the basin require local sponsorship.

Representative Smiley asked about the department's involvement with spraying for hydrilla weed control. Mr. Angelle replied that the department has responsibility only for Lake Henderson and works closely with the Department of Wildlife and Fisheries.

Chairman Morris asked about the Home Energy Rebate Program. Mike Finch from the department responded that the program allows for citizens to make energy efficiency improvements to their private homes, have those efficiencies certified, and then receive a rebate award toward the cost of those improvements. To date, approximately 16,457 rebates have been issued at an average of about \$1,500. This project utilizes funding through a grant from the federal Department of Energy. The program has no advertising budget. The department goes to trade shows, Earth Day and other activities in an attempt to educate engineers and architects. The department hopes to facilitate awareness of the program among those professions in the hopes that it will create greater awareness. The department distributes approximately \$2 million annually in rebates. Mr. Boxberger pointed out that the department's budget is currently recommended at a level of \$14.2 million. Mr. Finch explained that the total was in excess of anticipated expenditures and could be reduced without impacting the program.

Chairman Morris asked the department to explain the distinction between the water resources activities undertaken by the Department of Transportation and Development compared to those at the Department of Natural Resources. The department replied that DOTD is primarily responsible for regulating the drilling of new water wells, and the plugging of abandoned wells. The Department of Natural Resources oversees aquifers and water supplies and monitors water quality and levels. The department's responsibilities primarily focus on regulating water supply. The Department of Environmental Quality regulates other environmental issues. Chairman Morris requested that the department analyze whether these three activities would be better suited under a single oversight authority or department and report back to the committee.

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Representative Smiley questioned the department on expenditures related to technology enhancements. He commented that the state is spending vast amounts of money on this across all agencies and that it is something the state needs to control. The department highlighted a litany of on-line applications available to producers and citizens in the state that enhances the department's ability to disseminate important information and to enhance the desirability of producers to explore Louisiana for drilling opportunities.

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REPORT ON THE DEPARTMENT OF WILDLIFE AND FISHERIES

The Department of Wildlife and Fisheries is comprised of four agencies: Office of Management and Finance, Office of Secretary, Office of Wildlife, and Office of Fisheries.

March 20, 2008, Discussion of the Department of Wildlife and Fisheries

The Appropriations Committee on Infrastructure and Resources met on March 20, 2008 to hear testimony on the budget for the Department of Wildlife and Fisheries. Chris Keaton, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, and significant budget decreases for FY 08-09. He also discussed a projected budget deficit that the department will face in future fiscal years, as revenues to the Conservation Fund are not growing as rapidly as expenditures.

Conservation Fund revenues have been enhanced in some years by deposits from revenue derived from mineral leases from the Attakapas Wildlife Management Area. As a result, revenues over the past 10 years have varied from a low of \$24.4 million in 1998-99 to a high of \$65 million in 2004-05, with current revenue projections for FY 2007-08 to be \$42.7 million. Additionally, recurring revenues to the conservation fund have increased at a lower rate than operational costs of the department. The Department projects using a carryforward fund balance of \$17.5 million in the current year and the remaining \$8 million in FY 2008-09. Based on the Department's projected expenditures and Conservation Fund revenues in future fiscal years, there is a potential revenue shortfall of \$4.4 million in FY 2009-10 and a shortfall of \$17.4 million in FY 2010-11. House Bill 645 and Senate Bill 18 propose dedicating 1/20 of 1% of the state sales and use tax to the Conservation Fund. This would take approximately \$40 million from the state general fund and deposit it into the Conservation Fund to be used by Wildlife and Fisheries.

The department received an additional \$2 million in statutory dedications to treat additional acres of aquatic vegetation and to develop research partnerships with universities to treat this plant. This will increase the funding for aquatic weed control to \$7.7 million in FY 2008-09.

The department received a budget decrease of \$1.1 million in statutory dedications related to the elimination of 18 vacant positions.

Questions

Chairman Morris asked if the department has seen any positive affects of the salary increases for enforcement agents. Lt. Colonel Jeff Main said the department is still fighting recruitment and retention problems because the agents are still paid less than state police and national enforcement agents. A wildlife enforcement agent makes about \$36,000 after one year.

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Representative Smiley asked about aquatic vegetation in private ponds. Secretary Barham responded that WLF does not spray in private ponds and can not keep up with aquatic weed problems in public waterways. Mr. Barham said he would look at bulk purchasing to allow private property owners to buy the chemicals from WLF at their cost. Also private property owners have to be certified and trained in the use of spraying because of the properties of the chemicals. Secretary Barham assured Chairman Morris that public health of water supplies is the main priority of the department. Secretary Barham said there is a problem in the way that the statute reads for the Aquatic Weed Control Fund because it does not allow for the payment of salaries for people who would spray the chemicals. The department has 20 crews who spray these chemicals. Chairman Morris asked if the department could use firemen who are qualified with chemicals to help spray the weeds. Secretary Barham said that local governments could help with small areas.

Representative Leger wanted some information on fisheries recovery. Randy Placino, Assistant Secretary for the Office of Fisheries, talked about a grant that was recently awarded for fisheries recovery in coastal areas for oyster processing facilities, boat launches, ice houses, wharfs, etc. \$7 million will go to recreational fisheries recovery.

John Rossell, Deputy Assistant Secretary for Office of Fisheries said there were two grants. The first grant is for resource rehabilitation (One major aspect of this grant is a program to assist private oyster lease holders to remove sediment and reseed oysters and to plant reef material on public grounds. Another aspect was to remove debris from the fishing grounds. They have cleaned up 400 square miles. The third component was to collect data on the recovery to compensate fisherman.) The second grant will provide financial assistance to roughly 8,000 eligible commercial fishermen. The fishermen should receive their assistance beginning in May 2008.

Representative Smiley asked about licenses and why the numbers are decreasing. Mr. Barham said that all license sales are declining due to the urbanization of society. The department is aware of this and is promoting national fishing and hunting days and they are trying to develop outdoor interests for the public.

Chairman Morris asked when was the last time license fees were increased. Janice Landry, State License Director, answered that there was a fee increase in 2000 and it generated \$6 million in revenues. She said Louisiana's resident rates are below surrounding states and the non-resident rates are comparable. Secretary Barham said that he does not want to raise the cost of licenses.

Chairman Morris wanted to know if the hiring freeze and elimination of vacant positions affect positions that the department would use to spray for aquatic weed control.

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Chairman Morris asked about the Keep LA Beautiful money (\$15,000) that the department was using. Colonel Jeff Main said that it is for litter enforcement and that WLF issued more citations than anyone and could do even more to keep Louisiana beautiful with more funding.

Representative Smiley asked if WLF can use contractors to spray for aquatic weeds. WLF does use contractors that spray by airplane and boat. In large areas it is more economical to use contractors and in small areas it is better that WLF does the spraying.

Chairman Morris asked if local governments could participate in spraying for aquatic weeds. The department is talking with local governments about this, so that local governments can spray around boat ramps and smaller areas.

Representative Leger asked about oyster beds and what the department does to oversee public and private land. John Rousell said that Louisiana is the biggest oyster producer in the nation producing about a third of all oysters. WLF manages public grounds through certain seasons and the department leases grounds to encourage private individuals to make those areas productive. Representative Leger wanted to know if oil and gas companies had to pay a fee to work over public grounds. Mr. Rousell said that WLF has statutory authority to protect those grounds. The Dept. of Natural Resources permits these water bottoms using a formula basis. WLF has outstanding collections (based on permits) of approximately \$4.5 million from some of these oil and gas companies going back to 2003. WLF mailed all of the companies asking if they have used their permits to determine which companies have this liability.

Representative Smiley asked how the elimination of 18 vacant positions would affect services. Janice Lansing, Undersecretary, said two were eliminated from Mgt. and Finance, two from the Enforcement Section, seven from Fisheries, and seven from Wildlife.

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SUBCOMMITTEE RECOMMENDATION:

The goal of the subcommittees of the Appropriations Committee, the full committee, and the entire House, is to first act as good stewards of state taxpayer dollars by ensuring the most cost-efficient delivery of state services possible, while, at the same time, recognizing that "one-time" dollars should not be spent on recurring expenses.

In conclusion, after review of the above mentioned agency budgets, we the members of the Subcommittee on Infrastructure and Resources recommend the following adjustments to the FY 08-09 budgets:

<u>Department</u>	<u>Minimum Adjustment</u>	<u>Maximum Adjustment</u>
Natural Resources	(\$307,948)	(\$307,948)

The minimum adjustment may be revised by the full Appropriations Committee. The amount of the revision will be determined at such time as the Revenue Estimating Conference meets and recognizes additional revenue for FY 08-09.

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ADDENDUM

FINAL ACTION OF APPROPRIATION SUBCOMMITTEE ON INFRASTRUCTURE AND RESOURCES

Representative Ellington recommended, and the subcommittee approved, restoring \$307,948 contained in the minimum adjustment to the Department of Natural Resources.

Representative Morris recommended, and the subcommittee approved, adopting and recommending the final report to the full House Appropriations Committee.